

Looking For Median Line Pendulum Pull Backs in the E Mini S&P. Turning Theory into Practice

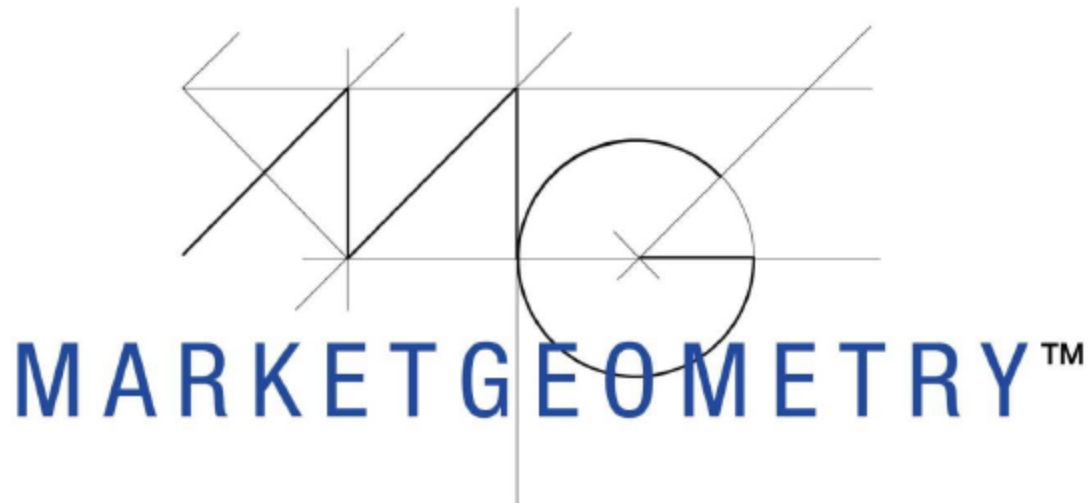


Timothy Morge, CTA and President
Blackthorne Capital, Inc.

Internet Presentation Sponsored by Interactive Brokers November 08, 2012

www.marketgeometry.com

www.medianline.com



"Master your tools, master yourself."

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FOREX and Futures Risk Disclaimer

Trading in the off exchange retail foreign currency market or futures markets is one of the riskiest forms of investments available in the financial markets and suitable for sophisticated individuals and institutions. The possibility exists that you could sustain a substantial loss of funds and therefore you should not invest money that you cannot afford to lose. Nothing in this presentation is a recommendation to buy or sell currencies or futures and Timothy Morge is not liable for any loss or damage, including without limitation, any loss of profit, which may arise directly or indirectly from the use of Timothy Morge's tools or reliance on such information.

Results

Past performance does not guarantee future results.

This is one persons experience, your experience may differ.

Results are not guaranteed, individual experiences may vary.

Market Volatility

In volatile market conditions, substantial losses may occur.

In volatile market conditions, orders may not be filled as placed.

Leverage

The leveraged nature of FX trading and Futures trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you. The possibility exists that you could sustain a total loss of initial margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any margin call within the time prescribed, your position will be liquidated and you will be responsible for any resulting losses.

Excerpt from Alan Andrews Action Reaction Course

Drawing Median Lines

The Median Line Method for Foreseeing Trends

Below is a stock market index which you will find valuable in anticipating what your stocks are going to do, whether they will continue to rise or fall and how fast. These are the facts everyone wants to know, and this method has not been revealed before to the best of our knowledge. Those who acted on this method got out of their stock either at the end of February or April right near the top.

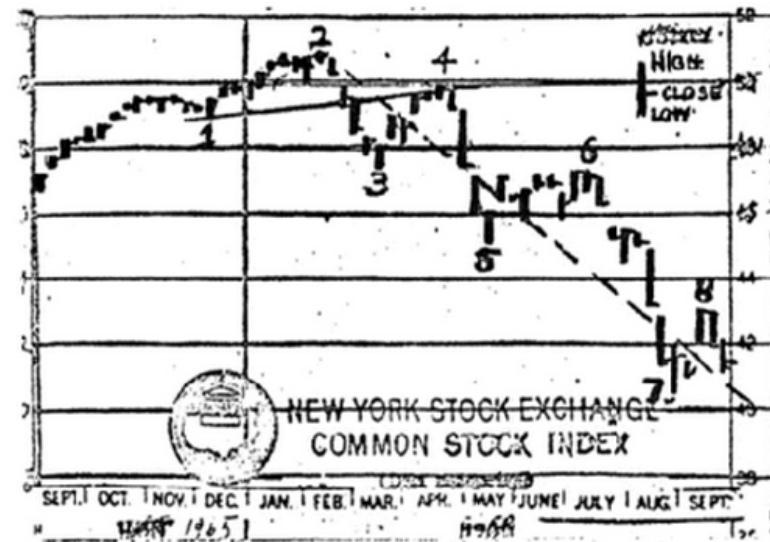
Start with any pivot such as low pivot 1 and draw a line bisecting the distance between pivots 2 and 3. On April 1st all the information you had as to prices ended at pivot 3. This bisecting line is always a test barrier, whatever pivot you start from. If prices fail to rise above the barrier, the rise is finished, as turns out to be the case at pivot 4. Next, as time passes and new prices develop a pivot at 4, start at pivot 2 and draw a line bisecting 3 and 4. You will see that this dash line is steeper down than the up?slope of 1-4. So this is like a vector diagram of forces showing the trend will be steadily down along the dash line until medians point upward again. So continue to draw these lines so you may get in near the bottom.

Similarly in a rising market, you will notice that the fastest gains are always made when bisectors from higher and lower pivots point in the same direction.

This method is superior to the Moving Average Method of recognising Trends in that there is less "whip saw", and closer positions to the bottoms and top pivots are possible. One reason for this is that there is a probability that when prices do pass through the bisecting lines, they will return to it before continued movement in the newly indicated direction. (Rule #7 - Penetration Rule)

Sincerely,

Alan H. Andrews, Trustee FFES.



Break Pivot 1 Then Pull Back to the Median Line (the trend barrier).

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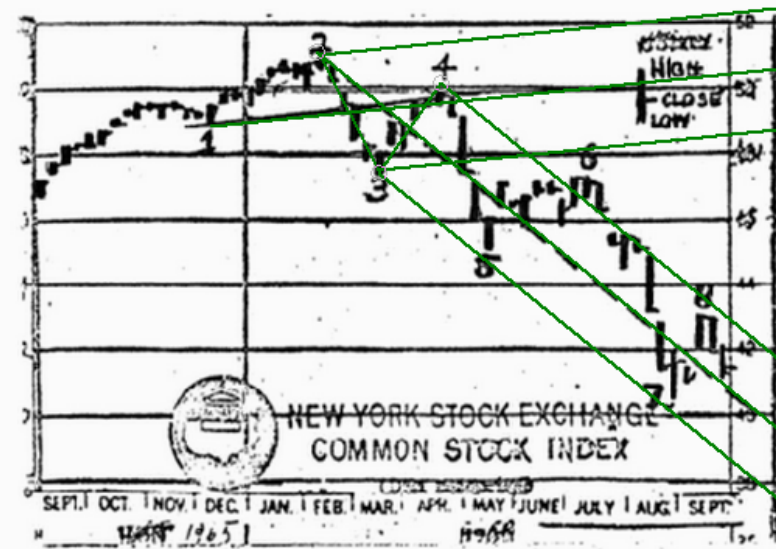
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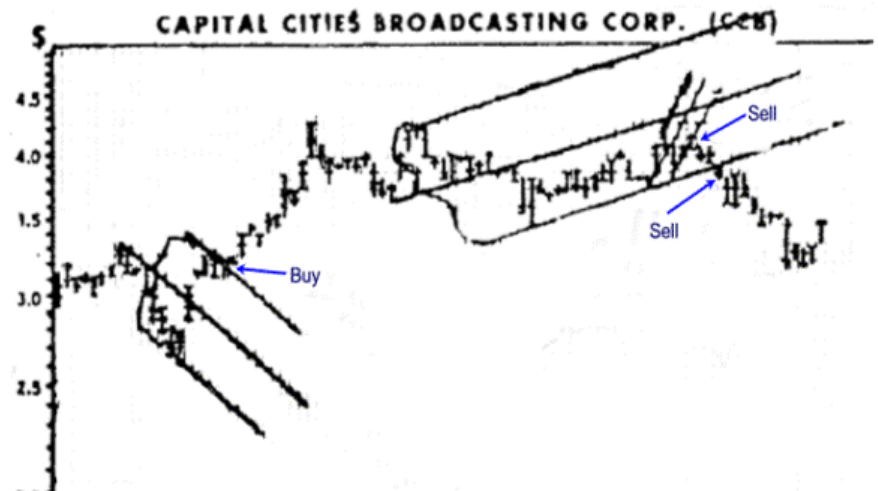
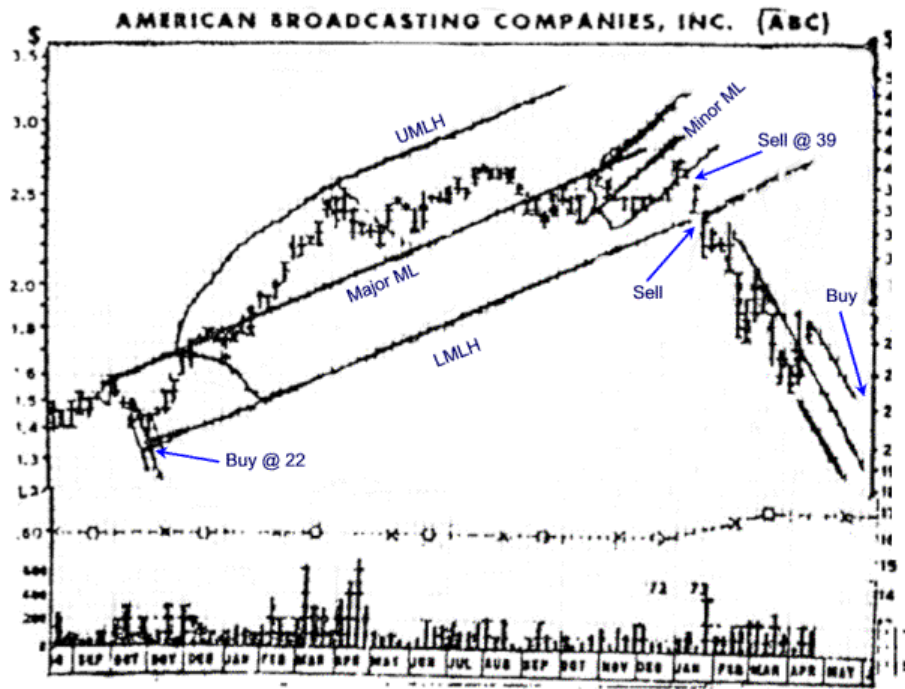
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Alan Andrews Charts



Median Line Theory

Extremes and balances

Human Nature

Extremes and Balance

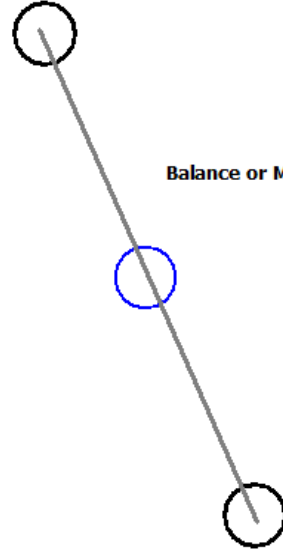
Extreme
Pivot B



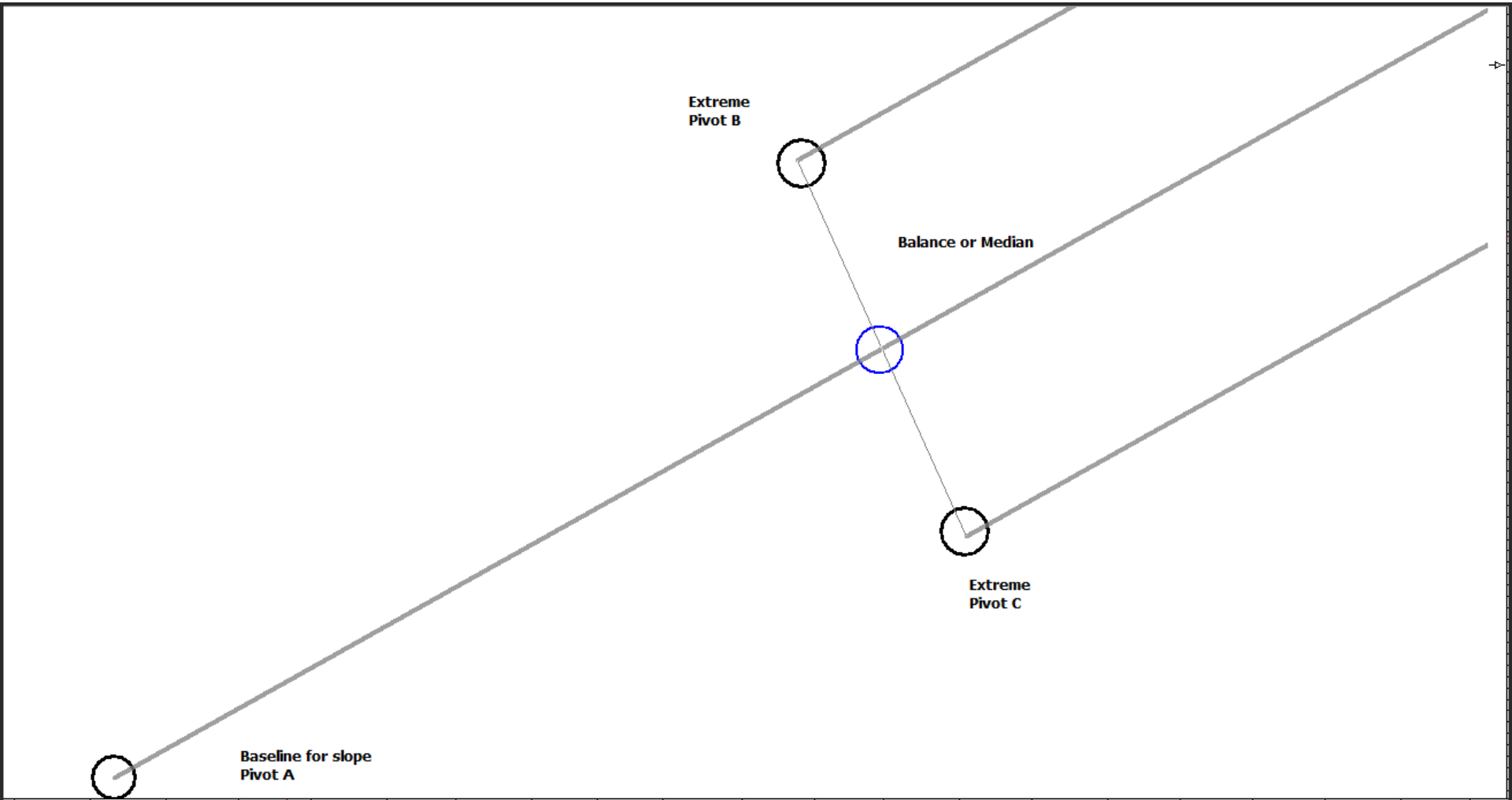
Balance or Median

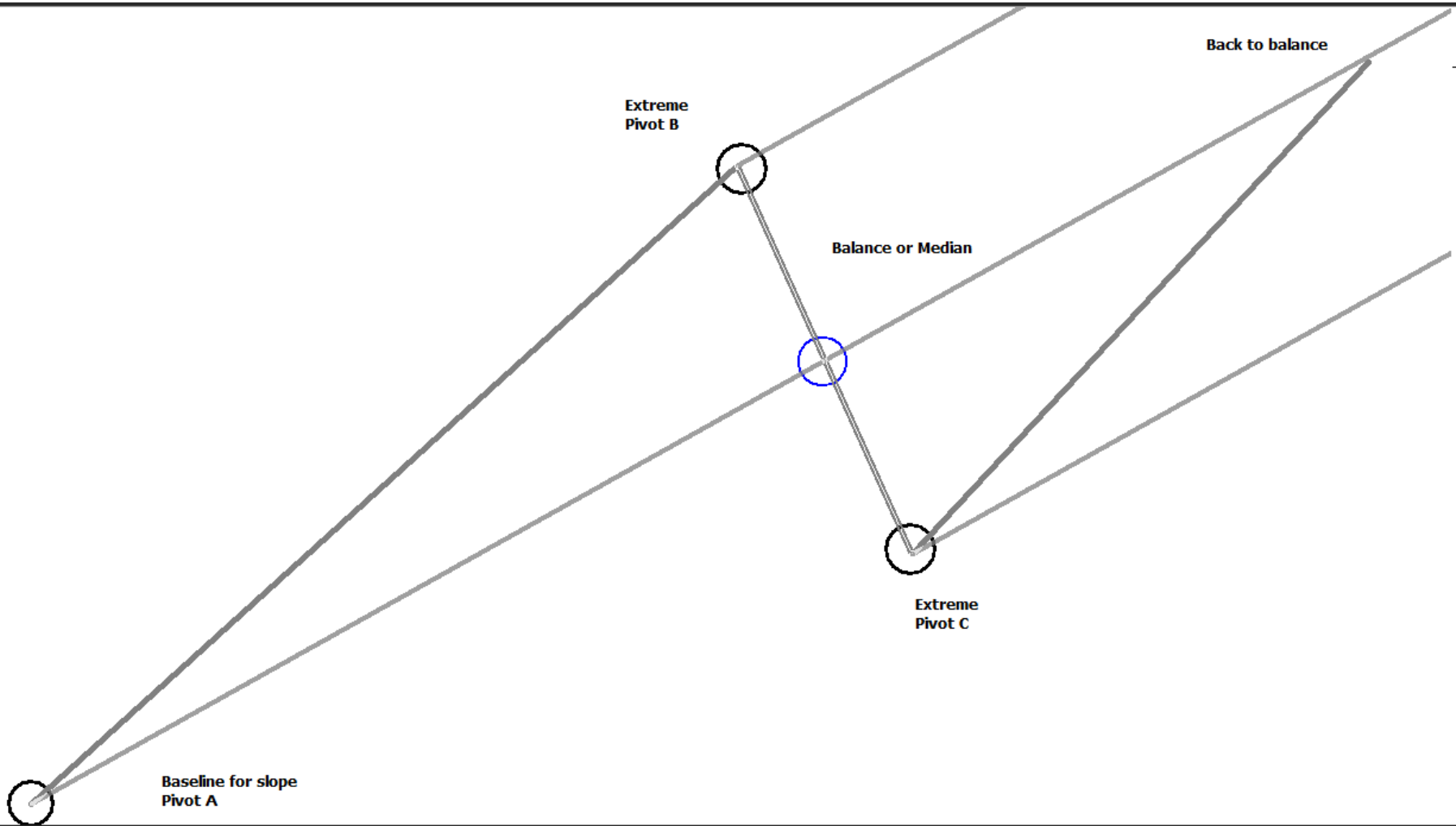


Extreme
Pivot C

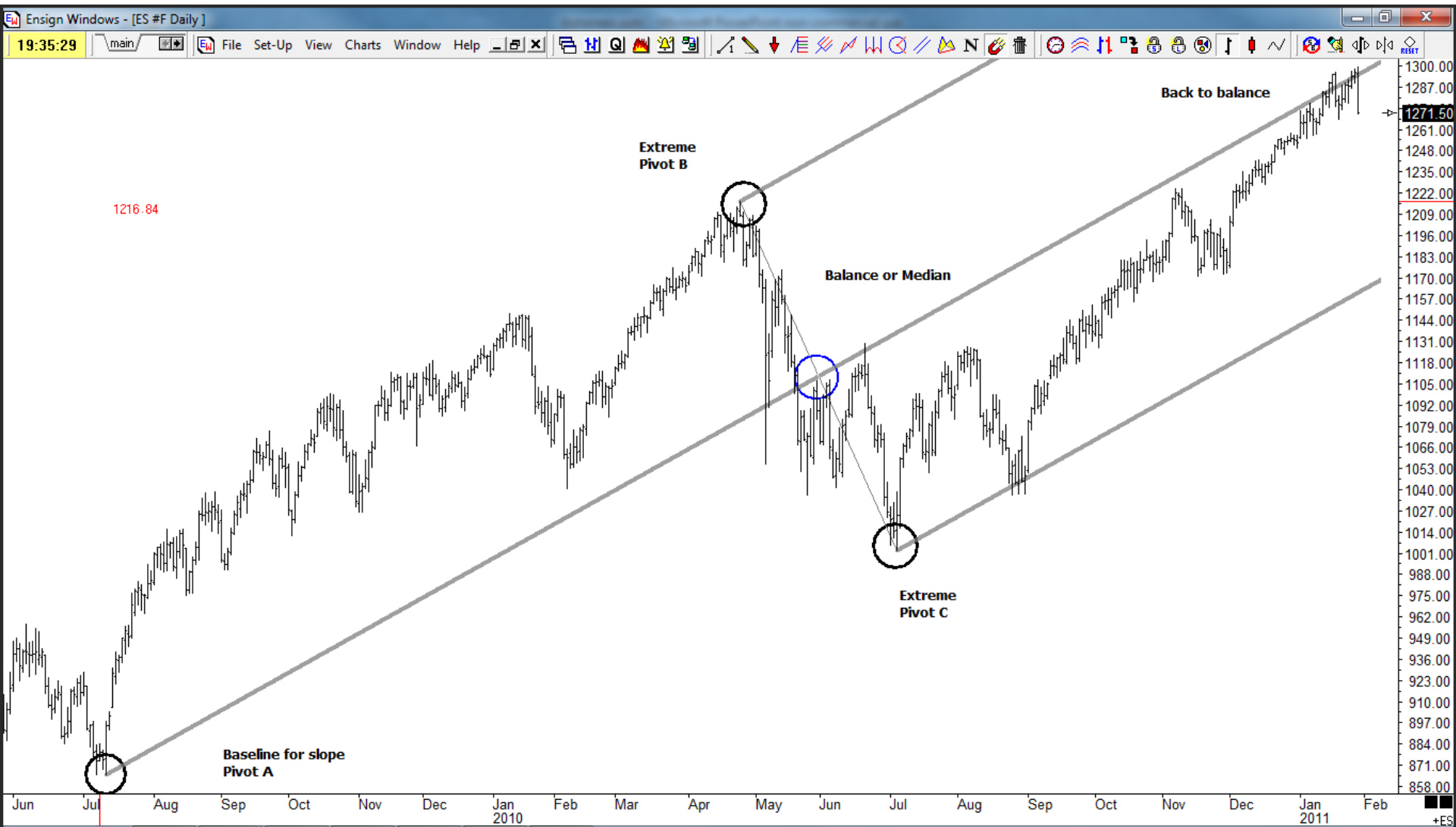


Median Line Bisects the Extremes





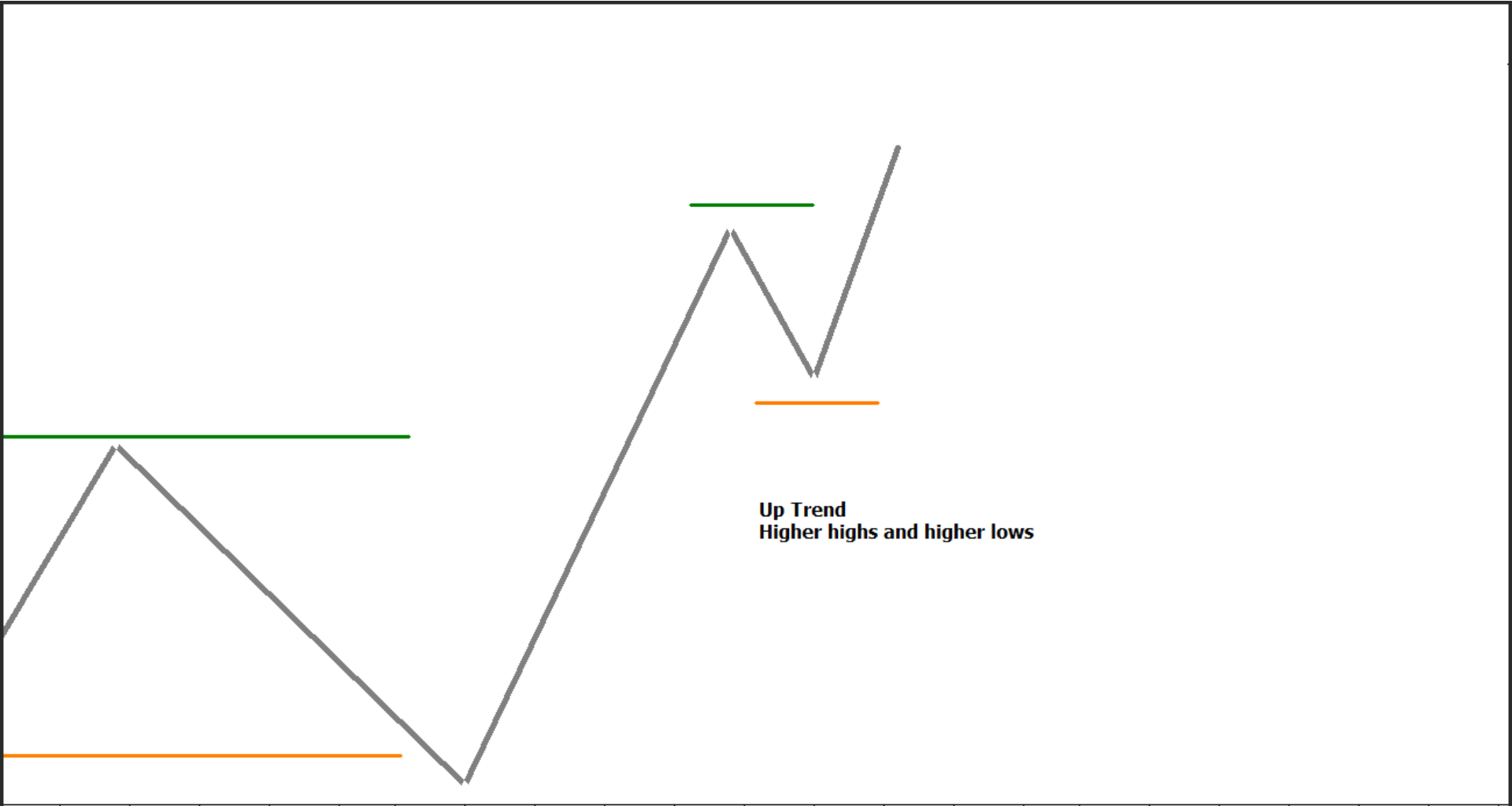
Standard Median Line Set: E Mini S&P Daily chart 2011



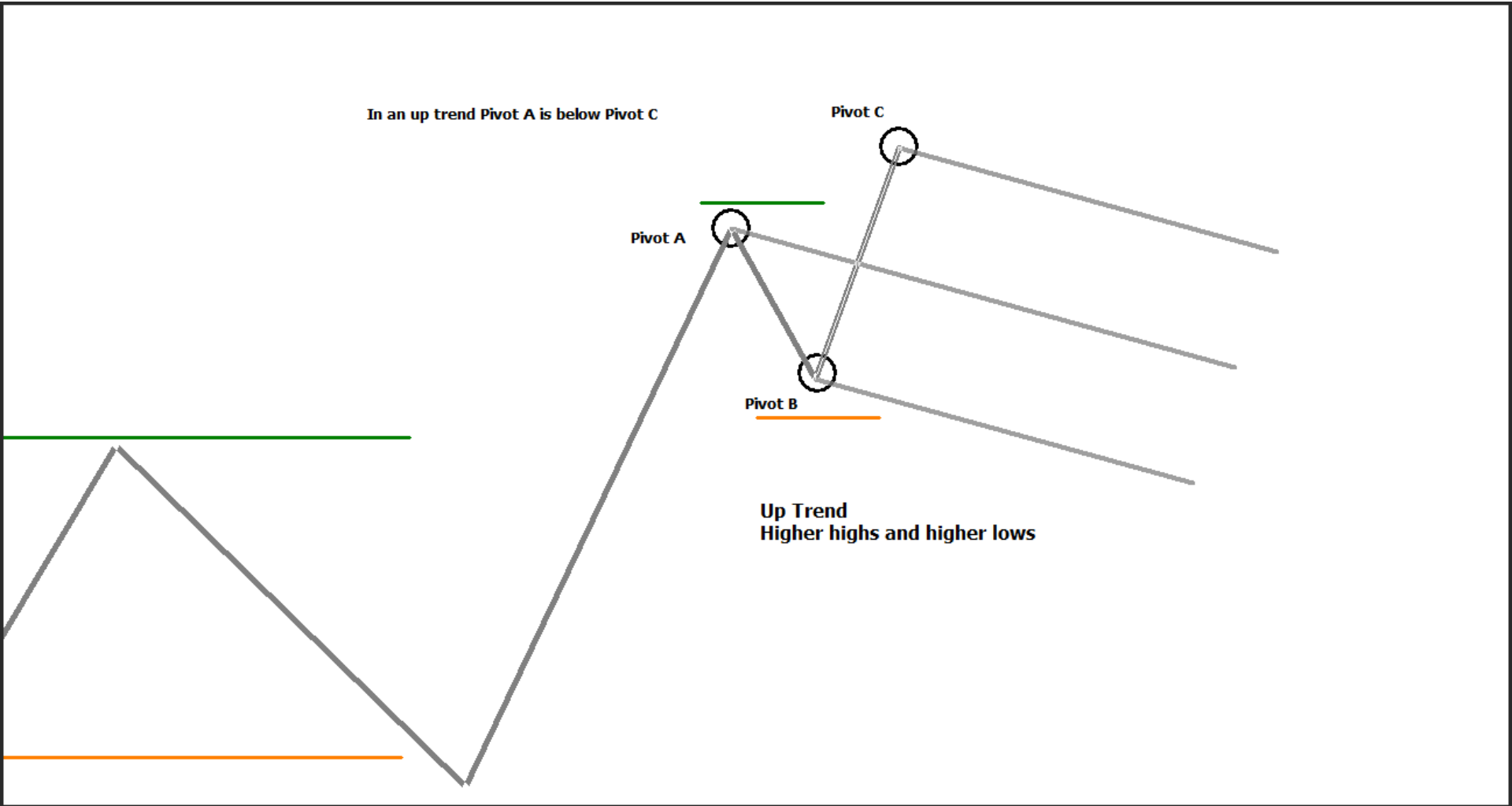
The Pendulum

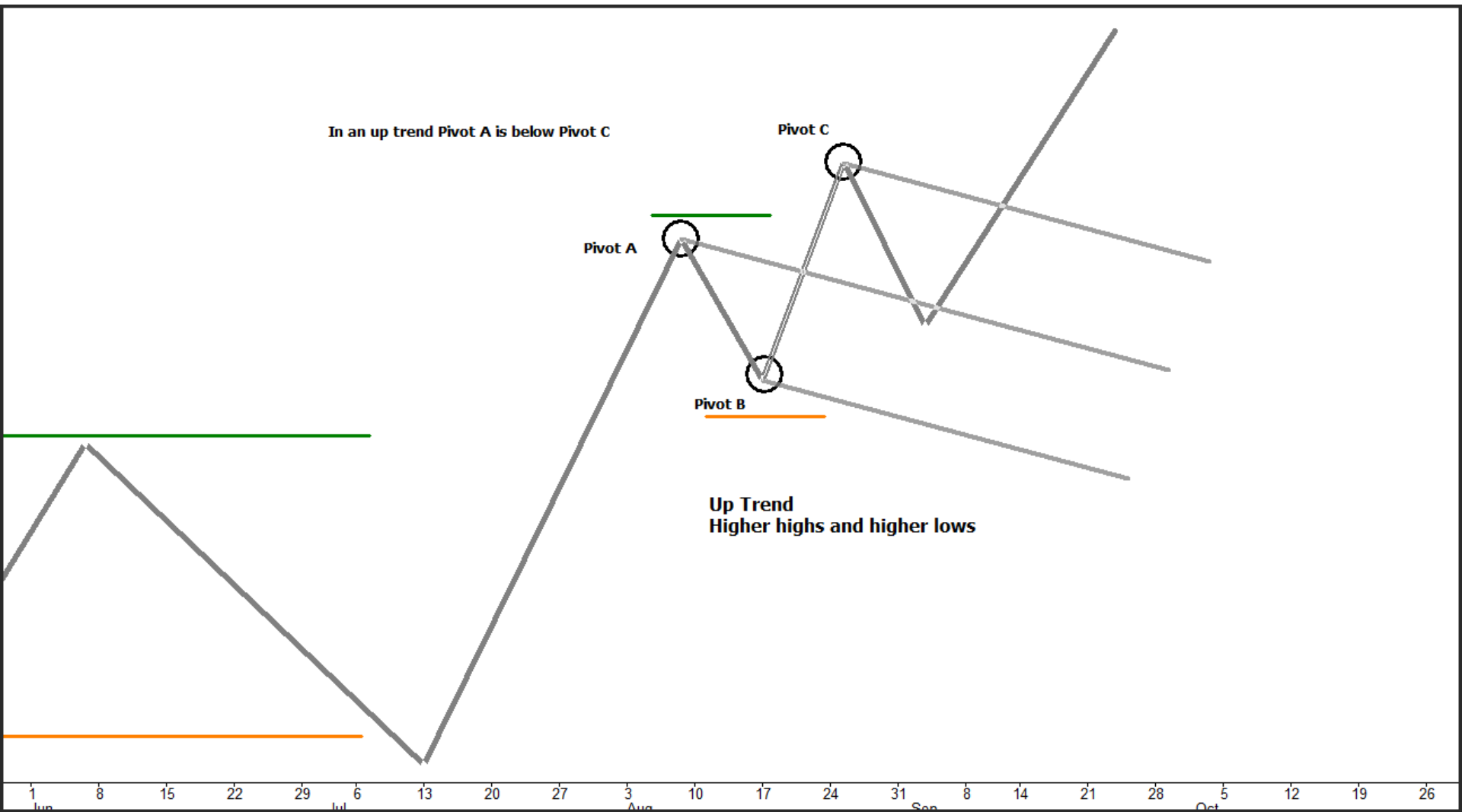
Using the Median Line Set as a pendulum to look for pullbacks in a trend and gauge the health of that trend.

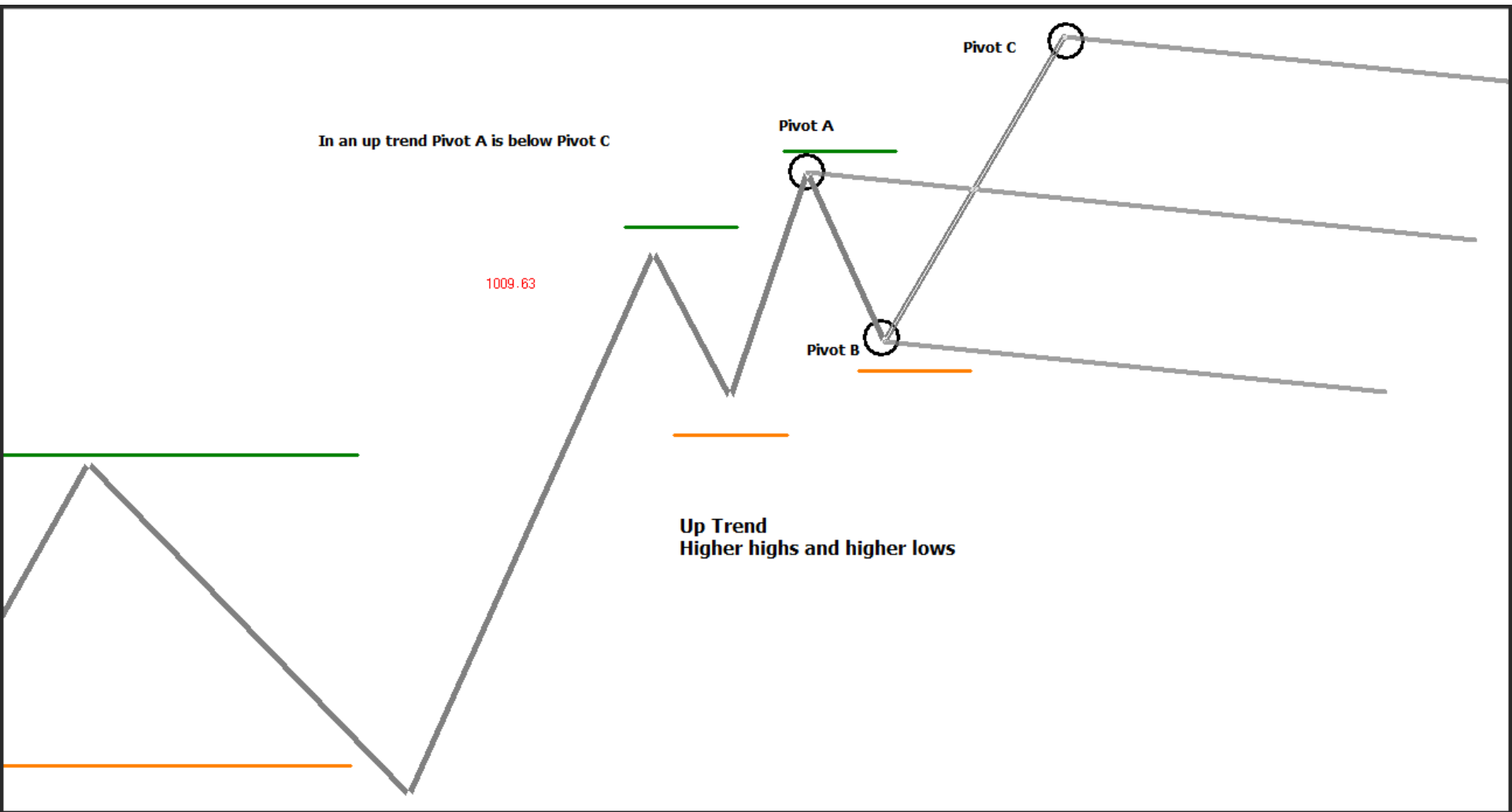
Swing Highs and Swing Lows



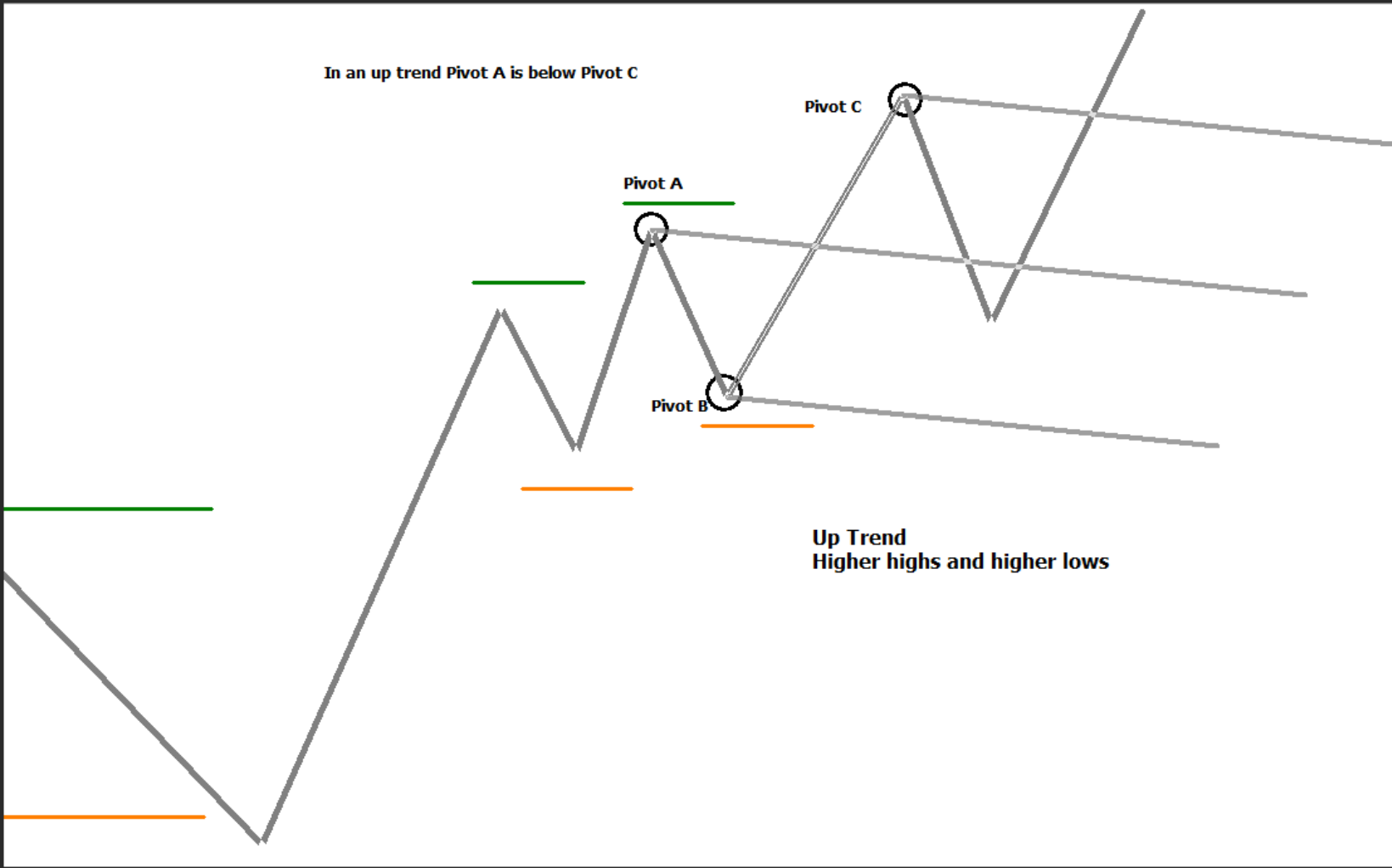
Pendulum and Trend Barrier







In an up trend Pivot A is below Pivot C

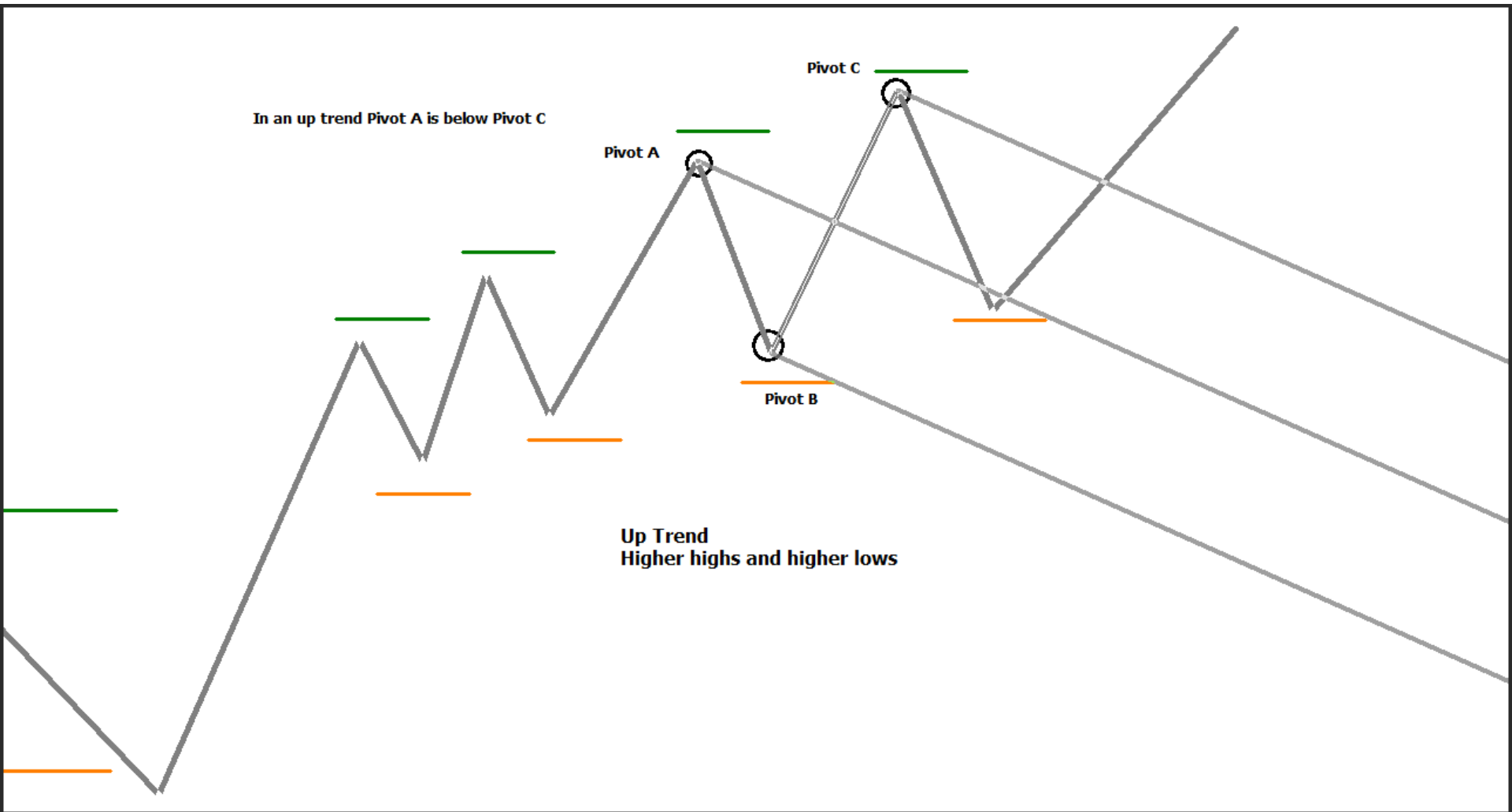


Pivot C

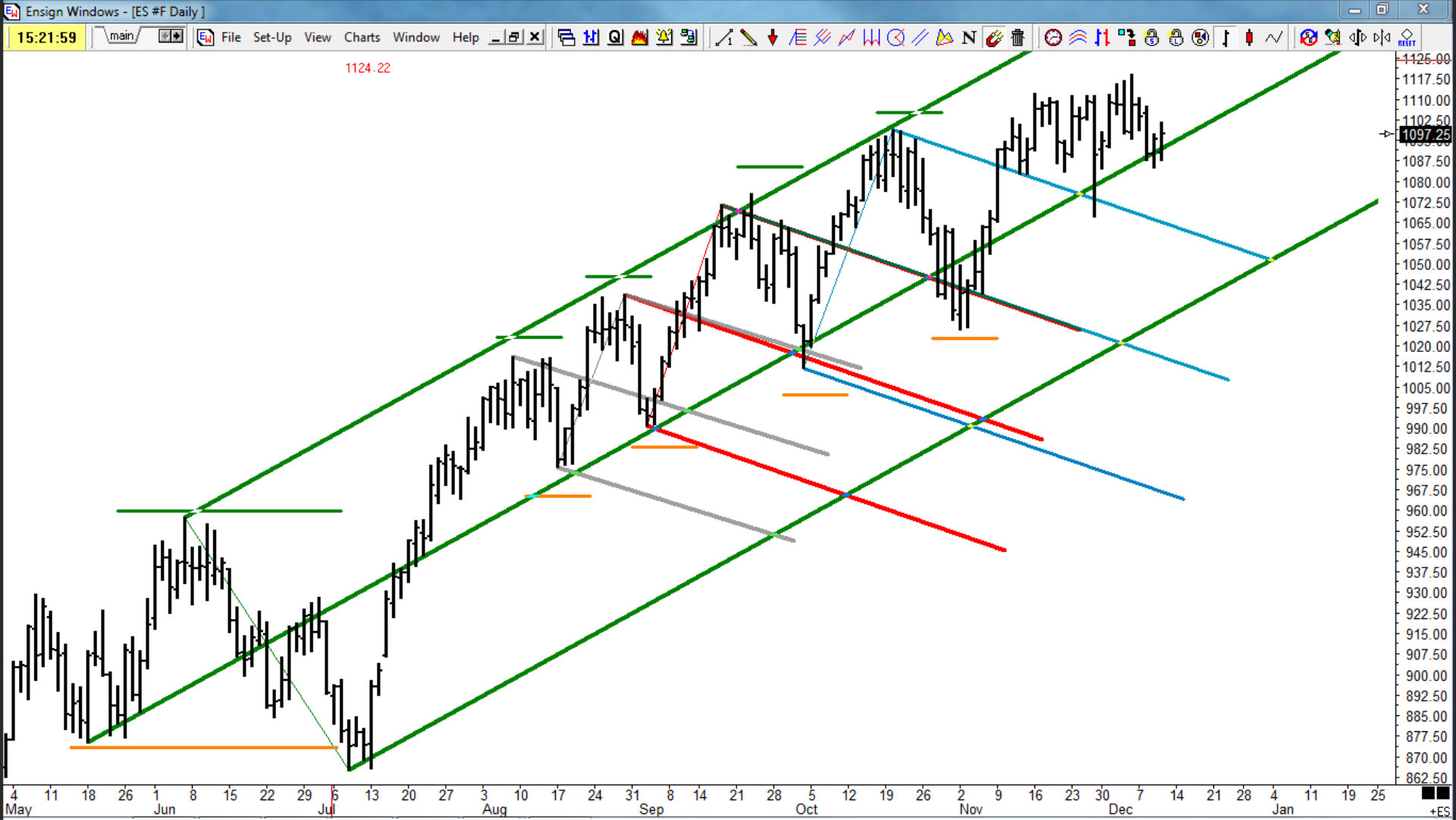
Pivot A

Pivot B

Up Trend
Higher highs and higher lows



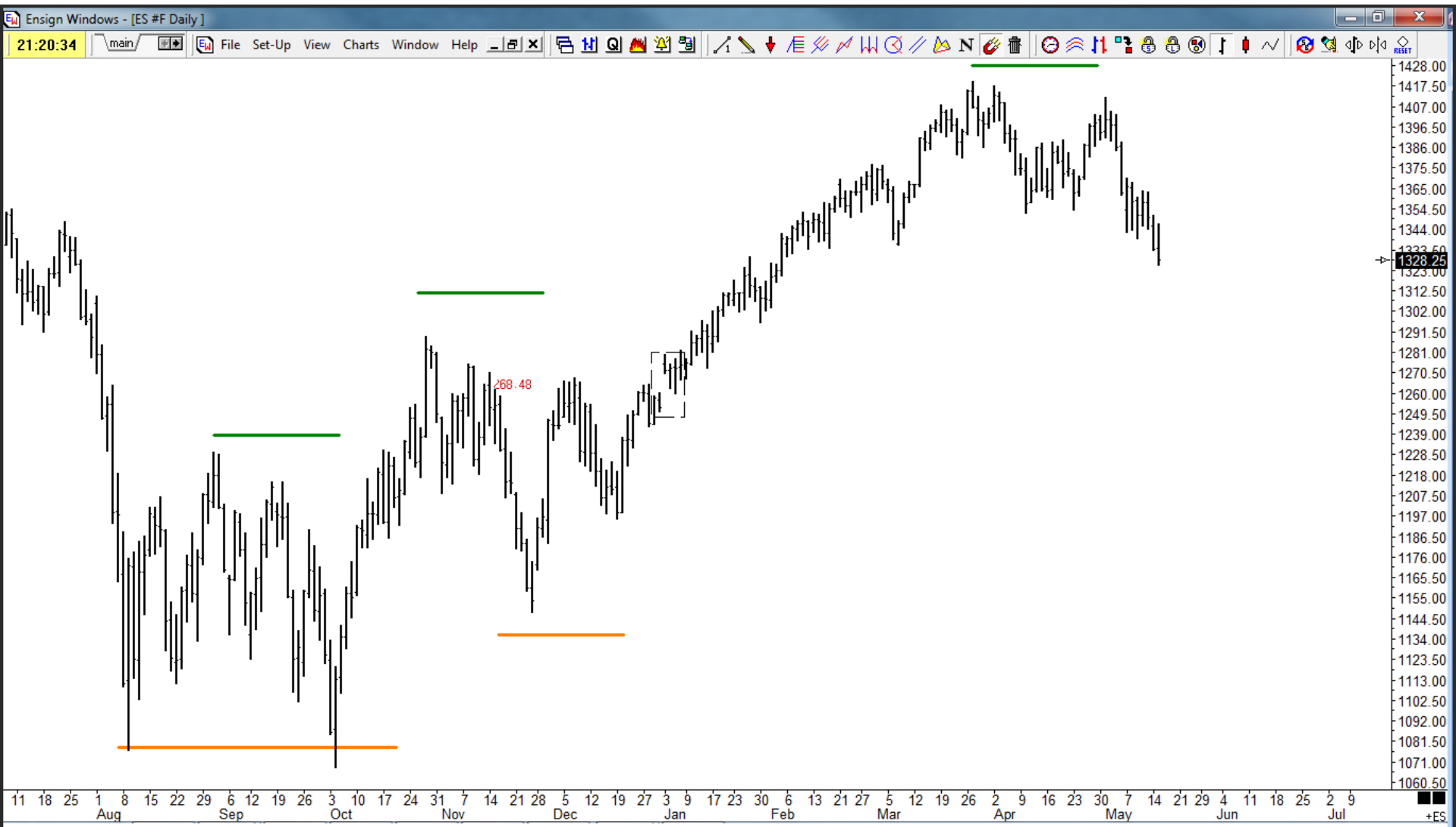
Each Median Line Set Acting As a Pendulum and Trend Barrier

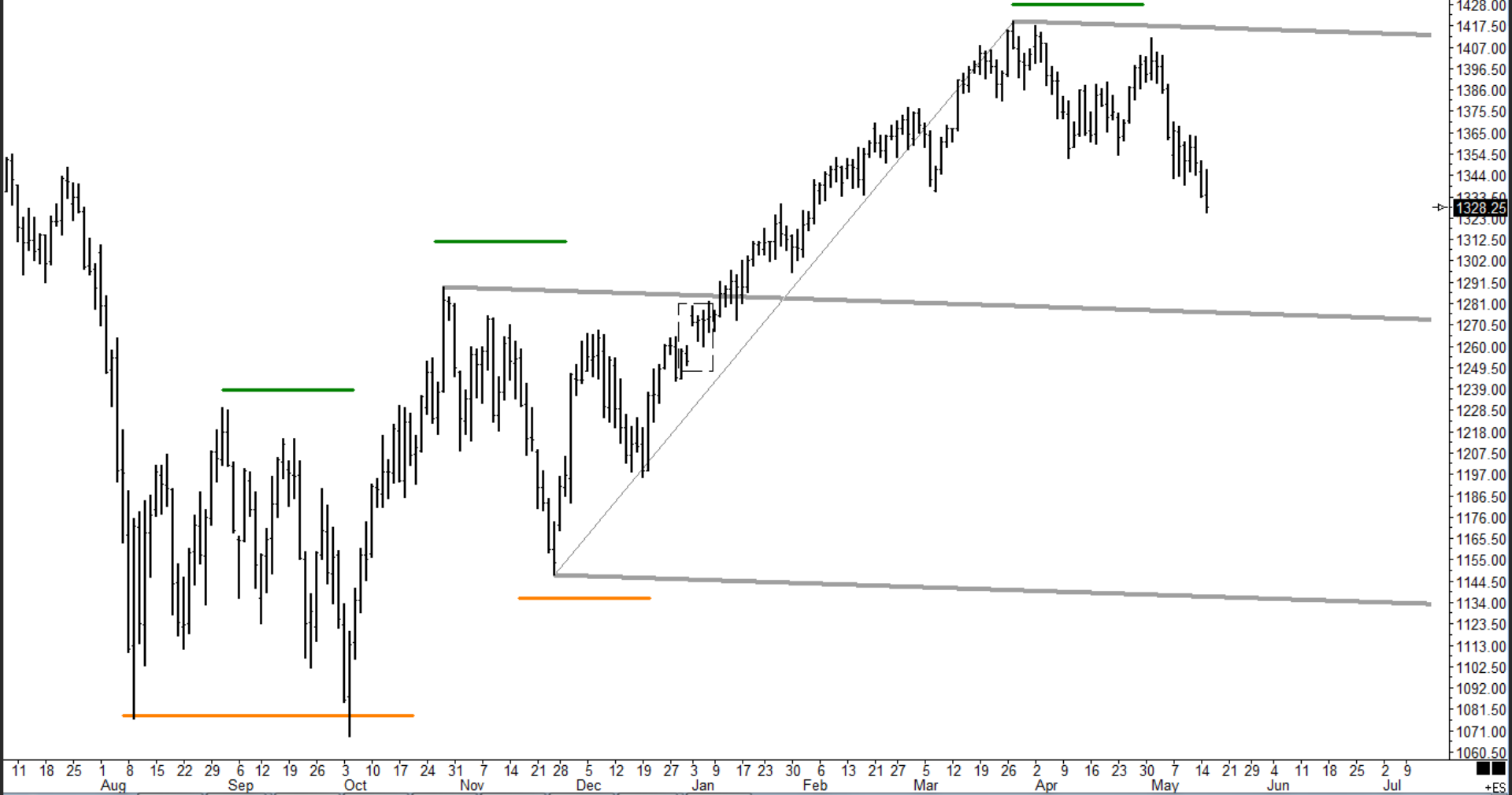


Theory Into practice

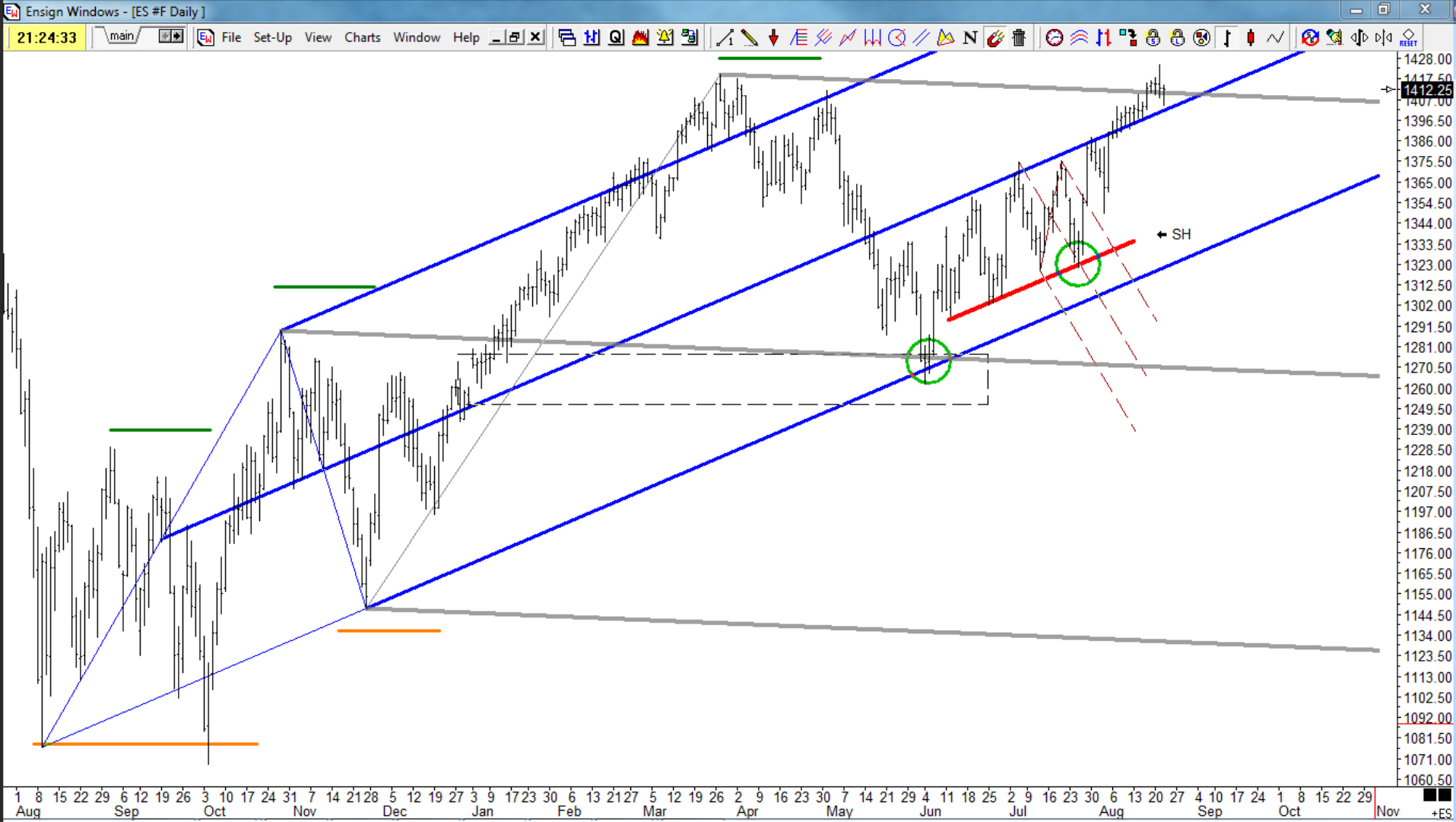
Recent trade idea from a few of our students in the E Mini S&P Daily

The Median Line Set to Measure for Pullback in the E Mini S&P 2012 Daily





Modified Schiff Captures the Up Sloping Action



Anything That Fluctuates Same Principles For Any Time Frame, Any Instrument.

Hunting the pull back last year on a monthly E –Mini S&P chart.

Learn to take the drama out of trading
and follow principles of supply and demand.

The Lost Decades? ES #F monthly

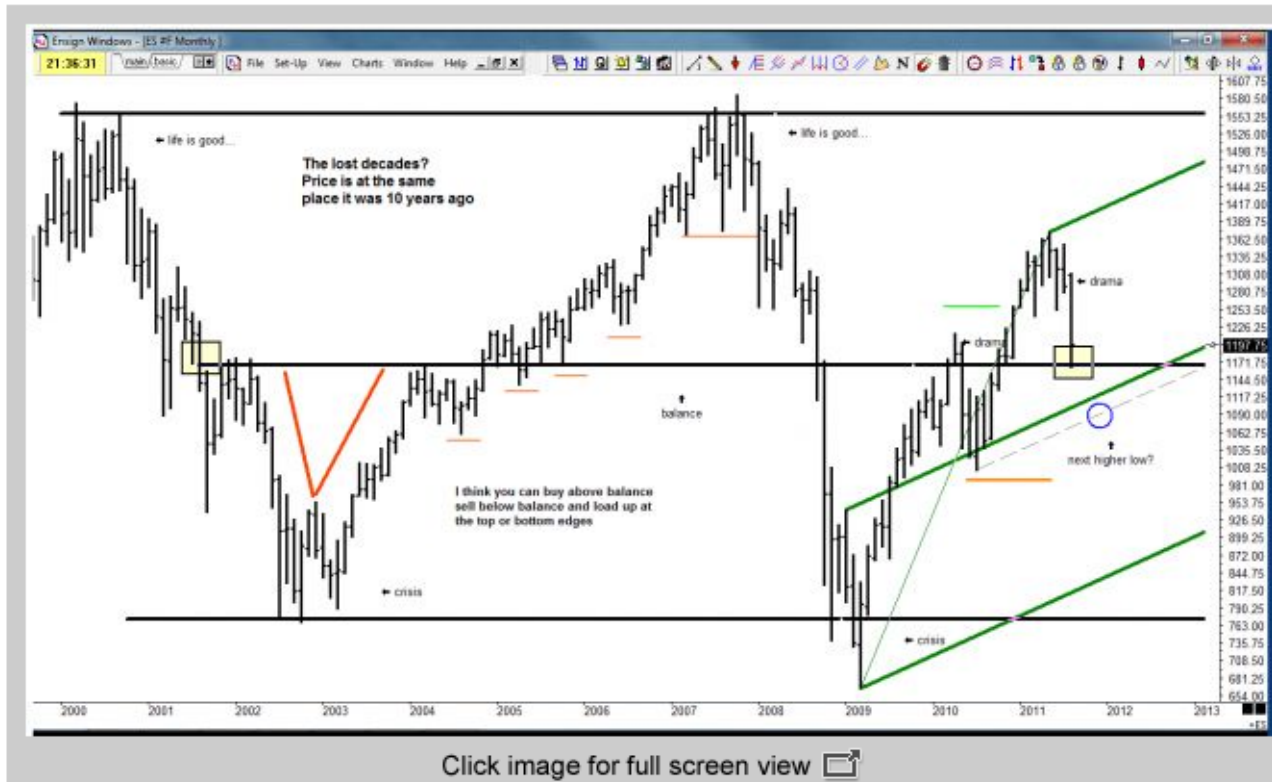
Friday August 05, 2011 | [Market Geometry Blog](#) | Shane Blankenship

With all the drama this week I thought I would take a big picture perspective of things.

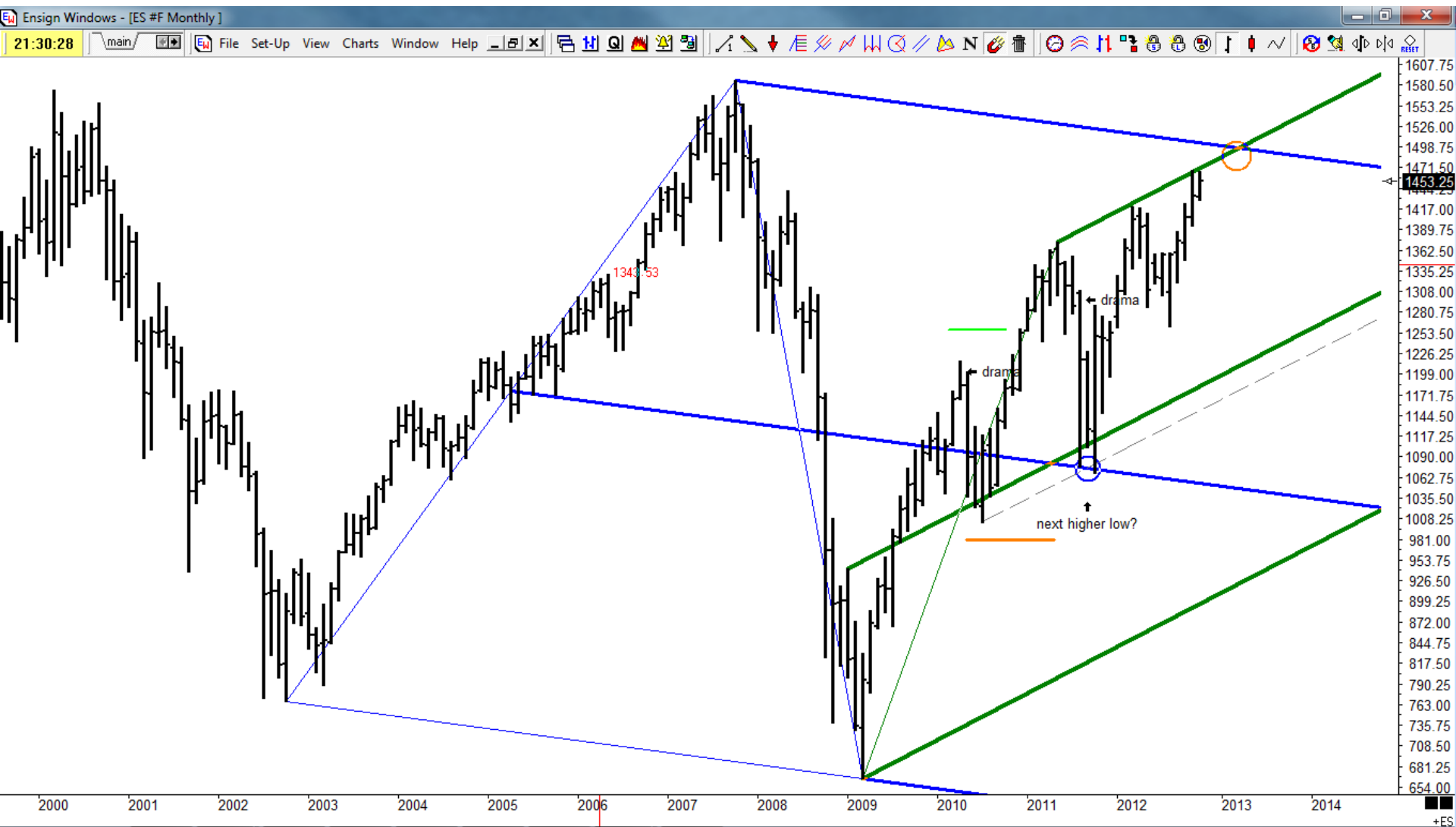
This is a monthly bar chart of the S&P Emini. Price is almost exactly where it was 10 years ago. Things have gotten bad in 2003, 2008 and things looked rosy in 1999 and 2007.

It's a range and I want to trade it accordingly without getting excited at the top, bottom, or at every piece of news that comes out. Currently price is stair stepping higher and I'm looking for the next higher low to buy. I have 2 areas I like, [this one on the previous post](#) or this one on the monthly chart.

Shane



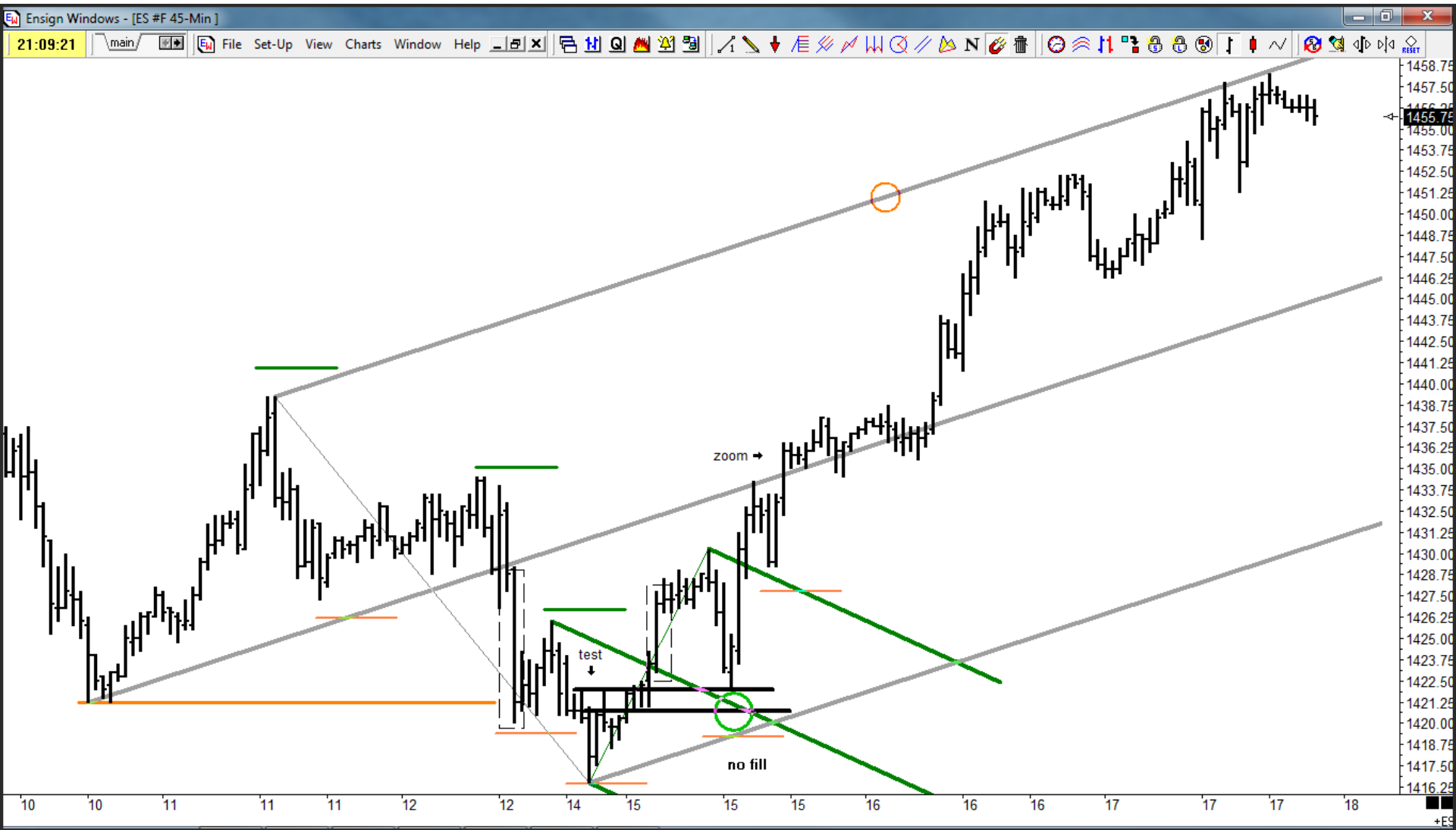
E Mini S&P Monthly Current Action



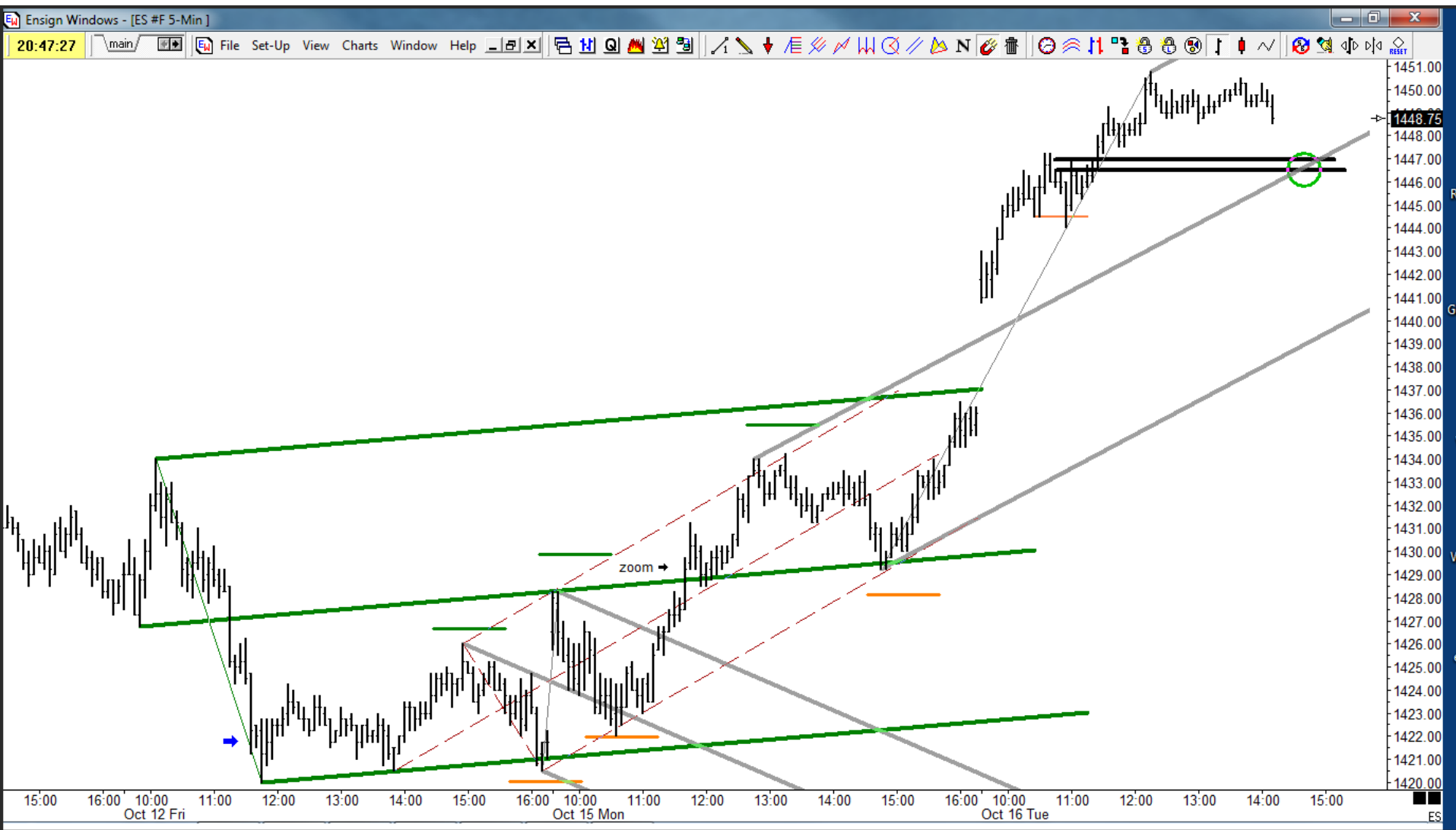
Intraday examples of Trading the E Mini S&P and some repeatable patterns

The life of a trader. Master your tools, yourself, learn to recognize opportunity, and always be able to define your risk.

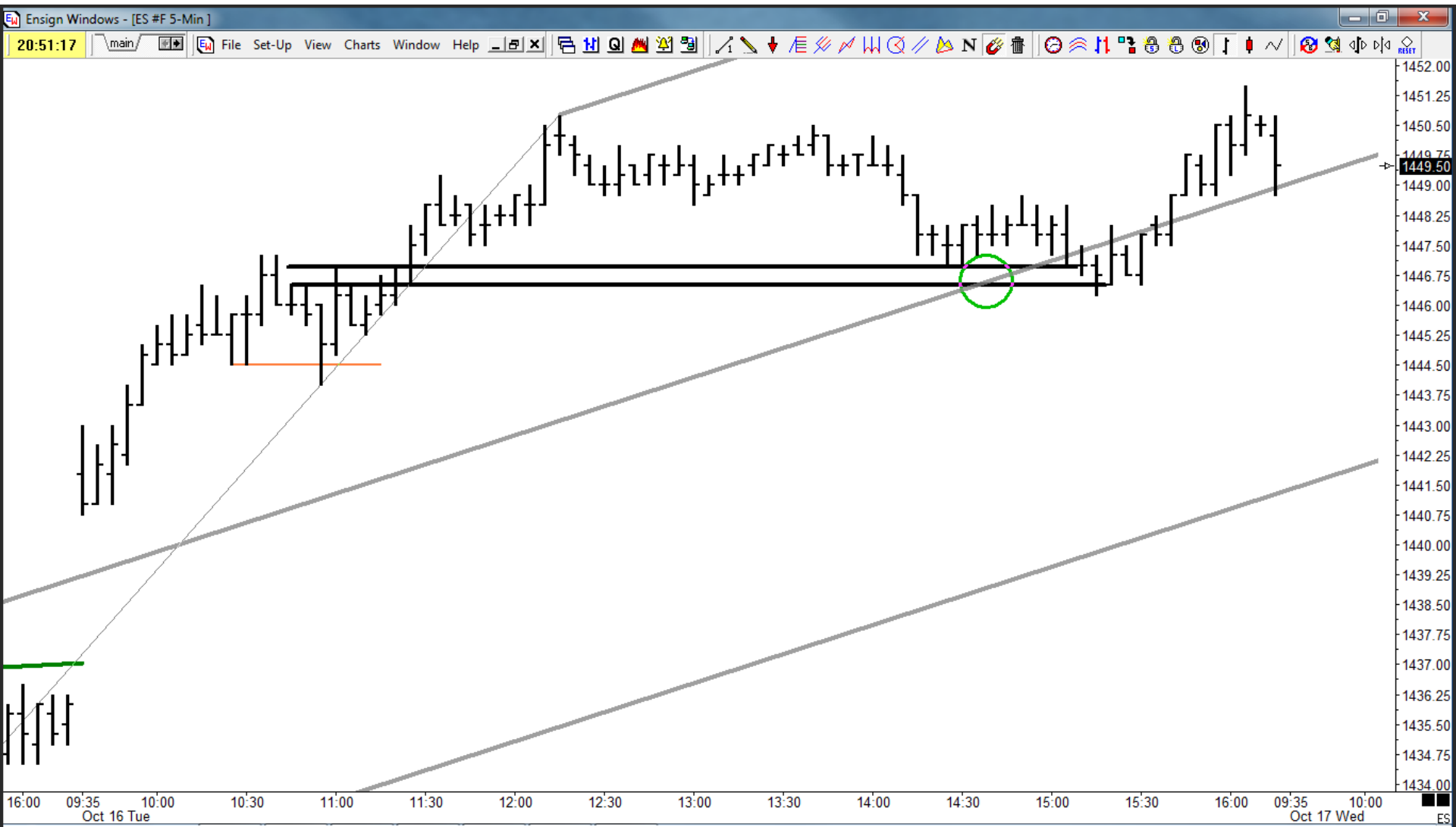
Trend Barriers ES #F 45min 24hr



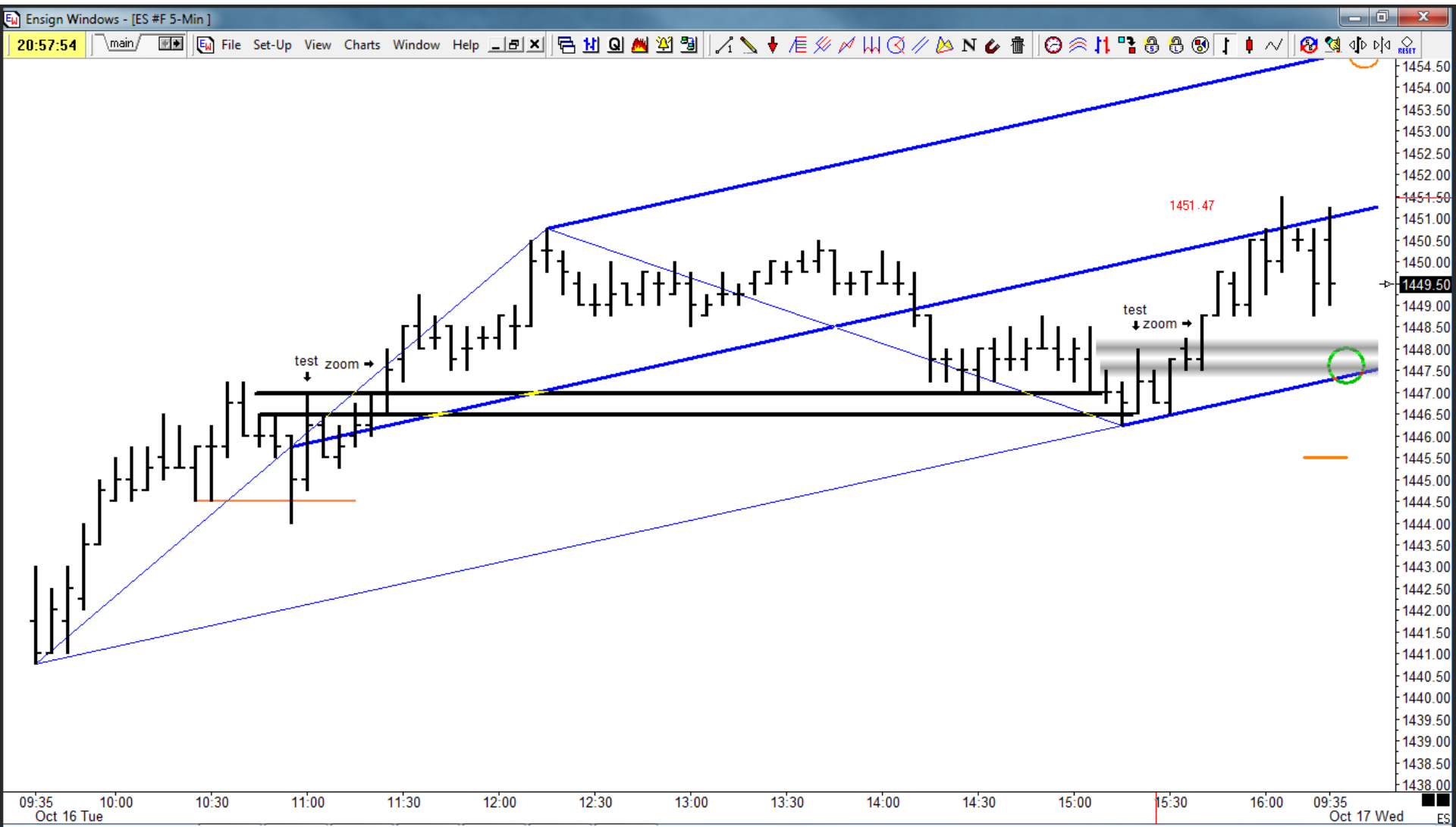
Just Watching E Mini S&P 5min RTH



Pull Back to the Median Line, Still Just Watching



Next Day. Same Type of Structure With a Modified Schiff

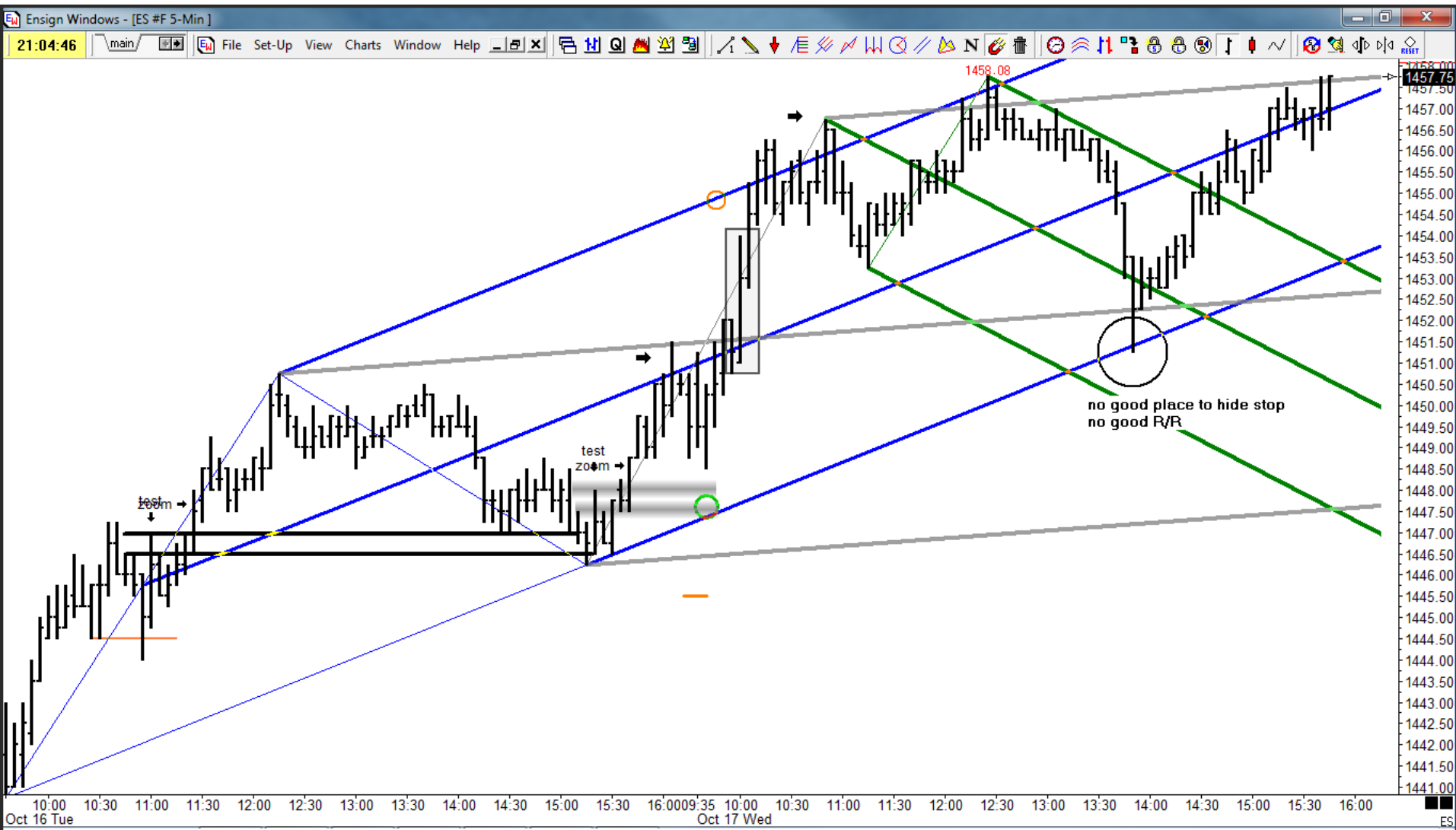


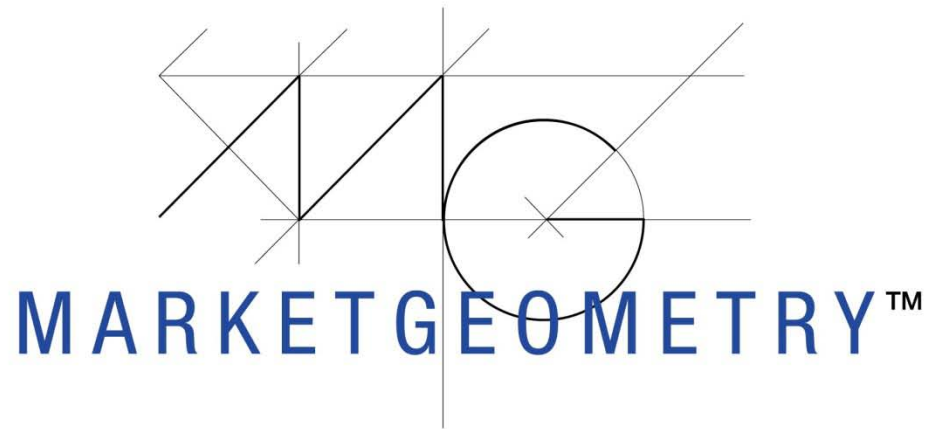
No Fills, How About the Next Pull Back?





Nice Lines But No Place To Define Risk. There Will Always Be another Trade...





Thank You for taking the time to attend this session. Questions?

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®Timothy Morge